



BILLING CODE 8025-01

SMALL BUSINESS ADMINISTRATION

Small Business Investment Company (SBIC) Program: SBA Model Form of Agreement of Limited Partnership for an SBIC Issuing Debentures

AGENCY: Small Business Administration.

ACTION: Notice; issuance and effective date of Revised SBA Model Form of Agreement of Limited Partnership for an SBIC Issuing Debentures Only.

SUMMARY: The Small Business Administration (SBA) has updated the SBA Model Form of Agreement of Limited Partnership for an SBIC Issuing Debentures Only (“Model Version 3.0”). This update reflects comments received from the public in response to notices SBA published in the Federal Register on April 22, 2014 and June 26, 2015. The Model Version 3.0 is available on SBA’s website and is effective for all SBIC applicants as of October 1, 2016.

DATES: The effective date of the Model Version 3.0 is October 1, 2016.

FOR FURTHER INFORMATION CONTACT: Michael Schrader, Attorney Advisor, Department of Financial Law and Lender Oversight, Office of General Counsel, 409 Third Street SW, Washington, DC 20416; (202) 205-7115.

SUPPLEMENTARY INFORMATION: The SBIC Program was established under the Small Business Investment Act of 1958. SBICs are privately owned and managed investment funds, licensed and regulated by SBA, that use privately-raised capital plus funds borrowed with an SBA guarantee to make equity and debt investments in qualifying small businesses. The SBIC license application (SBA Forms 2181, 2182 and 2183) requires an applicant to submit, among other things, its organizational documents.

The majority of applicants to the SBIC program are formed as limited partnerships, and these applicants must submit their limited partnership agreement as part of their application. The original version of SBA's model limited partnership agreement was developed in 2000 to assist SBIC applicants in producing a limited partnership agreement suitable for an SBIC and to facilitate this process by including provisions required by the regulations governing the SBIC Program (13 CFR part 107) and other SBA policy requirements designed to minimize the risk of loss to SBA in providing financial assistance to SBICs. That version was updated in 2004, with additional limited updates since that time ("Model Version 2.0"). The Model Version 2.0 is available on SBA's website at www.sba.gov/sbic/investing-sbic/model-partnership-agreement.

Since the last comprehensive update to the Model Version 2.0, changes have occurred both in the structure and operation of limited partnerships and in the venture capital industry. As part of its process of updating the Model Version 2.0, SBA published notices in the Federal Register soliciting comments and recommendations from the public on April 22, 2014, 79 FR 22568, and June 26, 2015, 80 FR 36881. SBA carefully considered the comments received and incorporated those that the Agency believed were appropriate into the Model Version 3.0. The Model Version 3.0 is available on SBA's website at www.sba.gov/sbic/investing-sbic/model-partnership-agreement.

All applicants, whether first time or subsequent fund applicants, that submit an SBIC license application on or after October 1, 2016 must use the Model Version 3.0 and follow the instructions set forth therein.

Authority: 15 U.S.C. 681.

Mark L. Walsh,
Associate Administrator, Office of Investment and Innovation.

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